

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Fowler	County Clinton
Audit Date 12/31/05	Opinion Date 3/17/06	Date Accountant Report Submitted to State: 5/5/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.			
Street Address 3511 Coolidge Road, Suite 100	City East Lansing	State MI	ZIP 48823
Accountant Signature <i>Abraham & Gaffney, P.C.</i> <i>Deon M. Jones</i>		Date 5/3/06	

**Village of Fowler
Clinton County, Michigan**

FINANCIAL STATEMENTS

December 31, 2005

Village of Fowler
Clinton County, Michigan

December 31, 2005

VILLAGE COUNCIL AND ADMINISTRATION

Mr. Vern Thelen	President
Mr. Dennis Simon	President Pro-Tem, Trustee
Mr. John Childers	Trustee
Mr. Richard Fink	Trustee
Mr. Richard Pline	Trustee
Mr. Dave Klein	Trustee
Mr. Roy Smith	Trustee
Ms. Rhonda Feldpausch	Clerk
Mr. John Rademacher	Treasurer

Village of Fowler

TABLE OF CONTENTS

December 31, 2005

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	i-ii
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Assets - Proprietary Funds	7
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	8
Statement of Cash Flows - Proprietary Funds	9
Notes to Financial Statements	10-21
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	22
Budgetary Comparison Schedule - Major Street Fund	23
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	24
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	25

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
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ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable President and
Members of the Village Council
Village of Fowler
Fowler, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fowler, Michigan as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Fowler's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fowler, Michigan as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information, as identified in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note A, the Village of Fowler's financial statements reflect the provisions of GASB Statement No. 34 as of December 31, 2004. The Village has not presented a management's discussion and analysis (MD&A), which would be an analysis of the financial performance for the year ended. The Governmental Accounting Standards Board has determined that the MD&A is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Fowler's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 17, 2006

BASIC FINANCIAL STATEMENTS

Village of Fowler

STATEMENT OF NET ASSETS

December 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 395,207	\$ 140,507	\$ 535,714
Investments	423,401	-	423,401
Receivables	4,874	43,663	48,537
Internal balances	(8,000)	8,000	-0-
Total current assets	815,482	192,170	1,007,652
Noncurrent assets			
Cash - restricted	-	998	998
Investments	-	127,864	127,864
Unamortized expense	-	2,802	2,802
Capital assets, not being depreciated	63,790	38,043	101,833
Capital assets, net of accumulated depreciation	245,503	861,940	1,107,443
Total noncurrent assets	309,293	1,031,647	1,340,940
TOTAL ASSETS	1,124,775	1,223,817	2,348,592
LIABILITIES			
Current			
Accounts payable	6,230	3,449	9,679
Accrued liabilities	3,580	-	3,580
Deferred revenue	4,032	-	4,032
Accrued interest payable	-	968	968
Current portion of long-term debt	-	35,000	35,000
Total current liabilities	13,842	39,417	53,259
Noncurrent			
Noncurrent portion of long-term debt	-	115,000	115,000
TOTAL LIABILITIES	13,842	154,417	168,259
NET ASSETS			
Invested in capital assets, net of related debt	309,293	749,983	1,059,276
Restricted for streets	126,447	-	126,447
Unrestricted	675,193	319,417	994,610
TOTAL NET ASSETS	\$ 1,110,933	\$ 1,069,400	\$ 2,180,333

See accompanying notes to financial statements.

Village of Fowler

STATEMENT OF ACTIVITIES

Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 160,615	\$ 15,985	\$ 1,293	\$ -	\$ (143,337)	\$ -	\$ (143,337)
Public safety	12,637	-	-	-	(12,637)	-	(12,637)
Public works	195,448	451	76,251	6,667	(112,079)	-	(112,079)
Health and welfare	2,840	-	-	-	(2,840)	-	(2,840)
Community and economic development	7,841	-	-	-	(7,841)	-	(7,841)
Recreation and cultural	1,974	-	354	-	(1,620)	-	(1,620)
Interest on long-term debt	458	-	-	-	(458)	-	(458)
Total governmental activities	381,813	16,436	77,898	6,667	(280,812)	-0-	(280,812)
Business-type activities:							
Sewer system	52,708	61,165	-	-	-	8,457	8,457
Water system	169,293	94,561	-	-	-	(74,732)	(74,732)
Total business-type activities	222,001	155,726	-0-	-0-	-0-	(66,275)	(66,275)
Total primary government	\$ 603,814	\$ 172,162	\$ 77,898	\$ 6,667	(280,812)	(66,275)	(347,087)
General revenues:							
Property taxes					235,006	-	235,006
State shared revenue					94,624	-	94,624
Investment earnings					12,079	4,055	16,134
Miscellaneous					-	1,912	1,912
Total general revenues					341,709	5,967	347,676
Change in net assets					60,897	(60,308)	589
Net assets, beginning of the year					1,050,036	1,129,708	2,179,744
Net assets, end of the year					\$ 1,110,933	\$ 1,069,400	\$ 2,180,333

See accompanying notes to financial statements.

Village of Fowler

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2005

	General	Major Street	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 192,582	\$ 100,547	\$ 102,078	\$ 395,207
Investments	423,401	-	-	423,401
Receivables				
Delinquent taxes	152	-	-	152
Interest	690	-	-	690
Special assessment	-	-	4,032	4,032
Due from other funds	3,000	-	-	3,000
TOTAL ASSETS	<u>\$ 619,825</u>	<u>\$ 100,547</u>	<u>\$ 106,110</u>	<u>\$ 826,482</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,230	\$ -	\$ -	\$ 6,230
Other accrued liabilities	3,580	-	-	3,580
Due to other funds	8,000	-	3,000	11,000
Deferred revenue	-	-	4,032	4,032
TOTAL LIABILITIES	17,810	-0-	7,032	24,842
FUND BALANCE				
Unreserved				
Designated for subsequent year's expenditures	47,390	13,550	-	60,940
Undesignated	554,625	86,997	99,078	740,700
TOTAL FUND BALANCE	<u>602,015</u>	<u>100,547</u>	<u>99,078</u>	<u>801,640</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 619,825</u>	<u>\$ 100,547</u>	<u>\$ 106,110</u>	<u>\$ 826,482</u>

See accompanying notes to financial statements.

Village of Fowler

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2005

Total fund balance - governmental funds \$ 801,640

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 483,414	
Accumulated depreciation is	<u>(174,121)</u>	
Capital assets, net		<u>309,293</u>
Net assets of governmental activities		<u><u>\$ 1,110,933</u></u>

See accompanying notes to financial statements.

Village of Fowler

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2005

	Primary Government			Total
	General	Major Street	Nonmajor Governmental Funds	Governmental Funds
REVENUES				
Taxes	\$ 235,006	\$ -	\$ -	\$ 235,006
Licenses and permits	100	-	-	100
Intergovernmental	95,917	51,708	24,543	172,168
Charges for services	16,336	-	-	16,336
Interest and rents	10,809	787	483	12,079
Other	5,035	-	1,986	7,021
TOTAL REVENUES	363,203	52,495	27,012	442,710
EXPENDITURES				
Current				
General government	130,256	-	-	130,256
Public safety	12,587	-	-	12,587
Public works	132,517	19,024	40,233	191,774
Health and welfare	2,840	-	-	2,840
Community and economic development	7,841	-	-	7,841
Recreation and cultural	1,474	-	-	1,474
Capital outlay	9,221	-	-	9,221
Debt service	-	15,458	-	15,458
TOTAL EXPENDITURES	296,736	34,482	40,233	371,451
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	66,467	18,013	(13,221)	71,259
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	22,031	22,031
Transfers out	(10,000)	(12,031)	-	(22,031)
TOTAL OTHER FINANCING SOURCES (USES)	(10,000)	(12,031)	22,031	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	56,467	5,982	8,810	71,259
Fund balances, beginning of year	545,548	94,565	90,268	730,381
Fund balances, end of year	\$ 602,015	\$ 100,547	\$ 99,078	\$ 801,640

See accompanying notes to financial statements.

Village of Fowler

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2005

Net change in fund balances - total governmental funds \$ 71,259

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 2,500	
Depreciation expense	<u>(27,862)</u>	
Excess of depreciation expense over capital outlay		(25,362)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in the governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets.

Bond principal retirement	<u>15,000</u>
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Change in net assets of governmental activities	<u><u>\$ 60,897</u></u>
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See accompanying notes to financial statements.

Village of Fowler

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2005

	Business-type Activities		
	Sewer System	Water System	Total
ASSETS			
Current assets			
Cash	\$ 136,538	\$ 3,969	\$ 140,507
Receivables			
Interest	-	310	310
Usage	16,942	23,436	40,378
Special assessment	-	2,975	2,975
Due from other funds	8,000	-	8,000
Total current assets	161,480	30,690	192,170
Noncurrent assets			
Cash - restricted	998	-	998
Investments	13,094	114,770	127,864
Unamortized expense	2,802	-	2,802
Capital assets, not being depreciated	31,043	7,000	38,043
Capital assets, net of accumulated depreciation	307,617	554,323	861,940
Total other assets	355,554	676,093	1,031,647
TOTAL ASSETS	517,034	706,783	1,223,817
LIABILITIES			
Current liabilities			
Accounts payable	446	3,003	3,449
Accrued interest payable	-	968	968
Current portion of long-term debt	15,000	20,000	35,000
Total current liabilities	15,446	23,971	39,417
Noncurrent liabilities			
Bonds payable	15,000	100,000	115,000
TOTAL LIABILITIES	30,446	123,971	154,417
NET ASSETS			
Invested in capital assets, net of related debt	308,660	441,323	749,983
Unrestricted	177,928	141,489	319,417
TOTAL NET ASSETS	<u>\$ 486,588</u>	<u>\$ 582,812</u>	<u>\$ 1,069,400</u>

See accompanying notes to financial statements.

Village of Fowler

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2005

	Business-type Activities		
	Sewer System	Water System	Total
OPERATING REVENUES			
Charges for services	\$ 61,165	\$ 94,561	\$ 155,726
Other	743	1,169	1,912
TOTAL OPERATING REVENUES	61,908	95,730	157,638
OPERATING EXPENSES			
Labor charges	15,999	15,729	31,728
Supplies	3,402	34,623	38,025
Contractual services	1,000	65,341	66,341
Utilities	3,019	5,115	8,134
Telephone	1,047	1,047	2,094
Equipment repair	1,900	-	1,900
Equipment rental	947	2,178	3,125
Insurance	1,172	1,316	2,488
Other	556	2,166	2,722
Amortization	175	-	175
Depreciation	21,533	35,195	56,728
TOTAL OPERATING EXPENSES	50,750	162,710	213,460
OPERATING INCOME (LOSS)	11,158	(66,980)	(55,822)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	1,266	2,789	4,055
Interest expense	(1,958)	(6,583)	(8,541)
TOTAL NONOPERATING REVENUES (EXPENSES)	(692)	(3,794)	(4,486)
CHANGE IN NET ASSETS	10,466	(70,774)	(60,308)
Net assets, beginning of year	476,122	653,586	1,129,708
Net assets, end of year	\$ 486,588	\$ 582,812	\$ 1,069,400

See accompanying notes to financial statements.

Village of Fowler

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2005

	Business-type Activities		
	Sewer System	Water System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 62,093	\$ 95,910	\$ 158,003
Cash paid to suppliers	(13,367)	(111,323)	(124,690)
Cash paid for labor charges	(15,999)	(15,729)	(31,728)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	32,727	(31,142)	1,585
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest expense	(1,958)	(6,583)	(8,541)
Payments of borrowing	(15,000)	(20,000)	(35,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(16,958)	(26,583)	(43,541)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(13,094)	(114,770)	(127,864)
Maturities of investments	12,830	112,201	125,031
Interest revenue	1,266	2,789	4,055
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,002	220	1,222
NET INCREASE (DECREASE) IN CASH DURING YEAR	16,771	(57,505)	(40,734)
Cash, beginning of year	120,765	61,474	182,239
Cash, end of year	<u>\$ 137,536</u>	<u>\$ 3,969</u>	<u>\$ 141,505</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 11,158	\$ (66,980)	\$ (55,822)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	21,533	35,195	56,728
Decrease in receivables	185	180	365
Decrease in unamortized expenses	175	-	175
Increase (decrease) in accounts payable	(324)	614	290
(Decrease) in accrued interest payable	-	(151)	(151)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 32,727	\$ (31,142)	\$ 1,585

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Fowler is located in Clinton County, Michigan and has a population of approximately 1,000. The Village of Fowler operates with a Village President/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The Village Council is made up of the Village President, Clerk, Treasurer, and six (6) trustees who are selected at large for overlapping four year terms.

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to Village governments. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*; these financial statements present all financial activities of the Village of Fowler (primary government). The Village has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Village of Fowler contain all the funds controlled by the Village Council.

2. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS

The fund financial statements present the Village's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major funds of the Village are:

- a. The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Major Street Fund is used to account for the financial resources that are used for repairs and maintenance of the Village's major streets.
- c. The Sewer System Fund accounts for resources generated by providing sewer services to residents of the Village; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.
- d. The Water System Fund accounts for resources generated by providing water services to residents of the Village; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

3. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

5. Budgets and Budgetary Accounting

The General and Major Street Funds' budgets shown in the financial statements were prepared on a basis consistent with the modified accrual basis used to reflect actual results. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to January 1, the Village Council prepares the proposed operating budgets for the fiscal year commencing January 1. The operating budget includes proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to January 1, the budgets are legally adopted with passage by Council vote.
- d. The budgets are legally adopted at the total expenditure level.
- e. After the budgets are adopted, all transfers of budgeted amounts between accounts within a fund or activity or any revisions that alter the total expenditures of a fund or activity must be approved by the Village Council.
- f. The Village does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31, 2005 are not carried forward to the following fiscal year.
- g. Budgeted amounts are reported as originally adopted or as amended by the Village Council during the year. Individual amendments were appropriately approved by the Village Council in accordance with required procedures.

6. Cash and Investments

Cash consists of various money market checking and savings accounts.

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All certificates of deposit held by the Village at year-end are classified as investments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Property Tax

The Village of Fowler bills and collects its own property taxes. The Village's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph.

Property taxes are levied by the Village of Fowler on July 1 and are payable without penalty through September 1. All real property taxes not paid to the Village by September 15 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits payments to the Village on any delinquent real property taxes. Delinquent personal property taxes are retained by the Village for subsequent collection. Collections and remittances of all taxes are accounted for in the General Fund. Village property tax revenues are recognized as revenues in the fiscal year levied.

The Village is permitted to levy taxes up to 15 mills (\$15 per \$1,000 of assessed valuation) for general governmental services. For the year ended December 31, 2005, the Village levied 8.25 mills for general governmental services. The taxable value for the 2005 levy for the property within the Village was \$28,500,136.

8. Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The General Fund records charges for equipment rental to various Village departments and funds as revenue. All Village funds record these payments as operating expenditures/expenses.

9. Restricted Cash

A portion of the cash of the Sewer System and Water System Funds are classified as restricted cash because their use is limited. The Sewer System and Water System Fund's restrictions are due to bond resolution requirements to maintain certain balances in separate accounts or debt service and general purpose reserves.

10. Capital Assets

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities column. Capital assets are those with an initial individual cost of \$2,500 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

GASB Statement No. 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated since fiscal years ending after June 30, 1980, be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE A: DESCRIPTION OF VILLAGE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Capital Assets

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Sewer and Water systems and improvements	10 - 40 years
Equipment and machinery	7 - 40 years
Buildings	20 years
Vehicles	10 - 20 years

11. Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

12. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTE B: CASH AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, or a State or Federally chartered savings and loan association, savings, bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

Village of Fowler

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE B: CASH AND INVESTMENTS - CONTINUED

4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

As of December 31, 2005, the carrying amounts and bank balances for each type of bank account are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Cash</u>		
Money market checking	\$ 535,639	\$ 529,124
Money market savings	<u>998</u>	<u>998</u>
	536,637	530,122
<u>Investments</u>		
Certificates of deposit	<u>551,265</u>	<u>551,265</u>
	<u>\$ 1,087,902</u>	<u>\$ 1,081,387</u>

Deposits of the Village are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Village. As of December 31, 2005, the Village accounts were insured by the FDIC for \$200,000, and the amount of \$881,387 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Village held in cash increased significantly. As a result, the amount of uninsured and uncollateralized cash was substantially higher at these peak periods than at year-end.

Interest Rate Risk

The Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of Credit Risk

The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Village of Fowler

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE B: CASH AND INVESTMENTS - CONTINUED

Custodial Credit Risk

The Village will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments of collateral securities that are in possession of an outside party by diversifying its investments by institution to ensure that potential losses on individual securities do not exceed the income generated by the remainder of the portfolio.

The cash and investments referred to above have been reported in either the cash or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2005:

Cash	\$ 535,714
Cash - restricted	998
Investments	<u>551,265</u>
	<u>\$ 1,087,977</u>

The cash caption on the financial statements includes \$75 in imprest cash.

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at December 31, 2005:

Due to General Fund from:	
Nonmajor governmental funds	\$ 3,000
Due to Sewer System Fund from:	
General Fund	<u>8,000</u>
Total interfund receivables and payables	<u>\$ 11,000</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date

NOTE D: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to nonmajor governmental funds from:	
General Fund	\$ 10,000
Major Street Fund	<u>12,031</u>
	<u>\$ 22,031</u>

Village of Fowler
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

	Balance Jan. 1, 2005	Additions	Deletions	Balance Dec. 31, 2005
Governmental activities				
Capital assets not being depreciated				
Land	\$ 63,790	\$ -	\$ -	\$ 63,790
Capital assets being depreciated				
Buildings	105,000	-	-	105,000
Vehicles	104,200	-	-	104,200
Equipment and furniture	<u>207,924</u>	<u>2,500</u>	<u>-</u>	<u>210,424</u>
Subtotal	417,124	2,500	-0-	419,624
Accumulated depreciation				
Buildings	(42,875)	(5,250)	-	(48,125)
Vehicles	(38,260)	(9,580)	-	(47,840)
Equipment and furniture	<u>(65,124)</u>	<u>(13,032)</u>	<u>-</u>	<u>(78,156)</u>
Subtotal	<u>(146,259)</u>	<u>(27,862)</u>	<u>-0-</u>	<u>(174,121)</u>
Net capital assets being depreciated	<u>270,865</u>	<u>(25,362)</u>	<u>-0-</u>	<u>245,503</u>
Total net capital assets	<u>\$ 334,655</u>	<u>\$ (25,362)</u>	<u>\$ -0-</u>	<u>\$ 309,293</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 23,638
Public safety	50
Public works	3,674
Recreation and cultural	<u>500</u>
Total depreciation expense	<u>\$ 27,862</u>

	Balance Jan. 1, 2005	Additions	Deletions	Balance Dec. 31, 2005
Business-type activities				
Capital assets not being depreciated				
Land	\$ 38,043	\$ -	\$ -	\$ 38,043
Capital assets being depreciated				
Buildings	17,967	-	-	17,967
Water Plant	1,193,708	-	-	1,193,708
Lagoon	427,419	-	-	427,419
Improvements	475,183	-	-	475,183
Machinery and equipment	<u>28,493</u>	<u>-</u>	<u>-</u>	<u>28,493</u>
Subtotal	2,142,770	-0-	-0-	2,142,770

Village of Fowler

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE E: CAPITAL ASSETS - CONTINUED

	Balance Jan. 1, 2005	Additions	Deletions	Balance Dec. 31, 2005
Business-type activities - continued				
Less accumulated depreciation				
Buildings	\$(17,967)	\$ -	\$ -	\$(17,967)
Water Plant	(716,232)	(29,843)	-	(746,075)
Lagoon	(247,830)	(14,241)	-	(262,071)
Improvements	(218,844)	(11,436)	-	(230,280)
Machinery and equipment	(23,229)	(1,208)	-	(24,437)
Subtotal	<u>(1,224,102)</u>	<u>(56,728)</u>	<u>-0-</u>	<u>(1,280,830)</u>
Net capital assets being depreciated	<u>918,668</u>	<u>(56,728)</u>	<u>-0-</u>	<u>861,940</u>
Total net capital assets	<u>\$ 956,711</u>	<u>\$(56,728)</u>	<u>\$ -0-</u>	<u>\$ 899,983</u>

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Village for the year ended December 31, 2005:

	Balance Jan. 1, 2005	Additions	Deletions	Balance Dec. 31, 2005	Amount Due Within One Year
Governmental Activities					
1995 General Operating Bonds	\$ 15,000	\$ -	\$ 15,000	\$ -0-	\$ -
Business-type Activities					
Sewer System Fund					
Sanitary Sewer Bonds	45,000	-	15,000	30,000	15,000
Water Fund					
1997 Refunding Bonds	<u>140,000</u>	<u>-</u>	<u>20,000</u>	<u>120,000</u>	<u>20,000</u>
	<u>185,000</u>	<u>-0-</u>	<u>35,000</u>	<u>150,000</u>	<u>35,000</u>
	<u>\$ 200,000</u>	<u>\$ -0-</u>	<u>\$ 50,000</u>	<u>\$ 150,000</u>	<u>\$ 35,000</u>

In 1997 the Village entered into an agreement with the Michigan Municipal Bond Authority to refund the 1989 Water Supply System Revenue Bonds and replace them with the 1997C Refunding Bonds. The refunding of the bonds did not change the Village's principal amounts due or the timing or duration of the payments but provided a better interest rate on the outstanding bonds. This resulted in a reduction in future interest payments by \$36,470.

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Sanitary Sewer System Revenue Bonds

\$125,000 1997 Wastewater Treatment System Revenue Bonds dated June 1, 1997, due in annual installments of \$15,000 through June 1, 2007, with interest ranging from 5.20 to 5.30 percent, payable annually.

\$ 30,000

Village of Fowler

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE F: LONG-TERM DEBT - CONTINUED

Water Supply System Refunding Bonds

\$240,000 1997C Water Supply System Refunding Bonds dated October 30, 1997, due in annual installments ranging from \$20,000 to \$30,000 through November 1, 2010, with interest ranging from 3.9 to 5.1 percent, payable annually.

\$ 120,000

\$ 150,000

The annual requirements to pay the debt principal and interest outstanding for the bonds are as follows:

Year Ending December 31,	<u>Sanitary Sewer Bonds</u>		<u>1997 Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 15,000	\$ 1,185	\$ 20,000	\$ 5,805
2007	15,000	398	20,000	4,865
2008	-	-	30,000	3,915
2009	-	-	25,000	2,475
2010	-	-	25,000	1,250
	<u>\$ 30,000</u>	<u>\$ 1,583</u>	<u>\$ 120,000</u>	<u>\$ 18,310</u>

NOTE G: RETIREMENT PLAN

Plan Description

The Village participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible (i.e., full-time) employees of the Village. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

Covered employees can contribute between 0% to 10% of their annual salary to the retirement system. Employees hired prior to 1985 may be allowed to contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The Village is required to contribute the remaining amounts necessary to fund the system.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE G: RETIREMENT PLAN - CONTINUED**Annual Pension Cost**

For year ended December 31, 2005 the Village's annual pension cost of \$5,203 for the plan was equal to the Village's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 5.0 percent per year compounded annually, attributable to inflation (c) additional salary increases ranging from 0% to 8.4% per year depending on age, seniority and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period.

Three (3) year trend information

	Year Ended December 31,		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Actuarial value of assets	\$ 245,814	\$ 239,747	\$ 235,337
Actuarial accrued liability (AAL) (entry age)	231,844	239,827	255,497
Unfunded (overfunded) AAL	(13,970)	80	20,160
Funded ratio	106 %	100 %	92 %
Covered payroll	\$ 67,237	\$ 72,114	\$ 78,620
UAAL as a percentage of covered payroll	N/A	N/A	26 %

	Year Ended December 31,		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Annual pension cost	\$ 1,716	\$ 3,255	\$ 5,203
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

NOTE H: RISK MANAGEMENT

The Village participates in a pool, the Michigan Municipal Liability and Property Pool, with other municipalities for various risks of loss including employer's liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Village has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

The Village also participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The Village has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

NOTE I: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2005:

PRIMARY GOVERNMENT

Governmental activities

Restricted for Streets

\$ 126,447

Village of Fowler

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE J: FUND EQUITY DESIGNATIONS

Designated fund balance indicates that portion of the fund balance which the Village has set aside for specific purposes.

The following are the fund balance designations as of December 31, 2005:

General Fund	
Designated for subsequent year's expenditures	<u>\$ 47,390</u>
Major Street Fund	
Designated for subsequent year's expenditures	<u>\$ 13,550</u>

REQUIRED SUPPLEMENTARY INFORMATION

Village of Fowler

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 230,000	\$ 235,000	\$ 235,006	\$ 6
Licenses and permits	500	500	100	(400)
Intergovernmental	91,700	91,700	95,917	4,217
Charges for services	18,000	18,000	16,336	(1,664)
Interest and rents	7,550	8,550	10,809	2,259
Other	9,450	9,450	5,035	(4,415)
TOTAL REVENUES	357,200	363,200	363,203	3
EXPENDITURES				
Current				
General government	128,500	133,750	130,256	3,494
Public safety	13,200	13,200	12,587	613
Public works	126,500	135,642	132,517	3,125
Health and welfare	2,840	2,840	2,840	-0-
Community and economic development	5,000	8,000	7,841	159
Recreation and cultural	10,300	1,300	1,474	(174)
Capital outlay	14,000	7,500	9,221	(1,721)
TOTAL EXPENDITURES	300,340	302,232	296,736	5,496
EXCESS OF REVENUES OVER EXPENDITURES	56,860	60,968	66,467	5,499
OTHER FINANCING (USES)				
Transfers out	(10,000)	(10,000)	(10,000)	-0-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	46,860	50,968	56,467	5,499
Fund balance, beginning of year	545,548	545,548	545,548	-0-
Fund balance, end of year	\$ 592,408	\$ 596,516	\$ 602,015	\$ 5,499

Village of Fowler

Major Street Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental -State				
Gas and weight tax	\$ 50,000	\$ 48,000	\$ 48,124	\$ 124
Metro act	3,000	3,600	3,584	(16)
Interest	500	700	787	87
TOTAL REVENUES	53,500	52,300	52,495	195
EXPENDITURES				
Public works	19,500	20,600	19,024	1,576
Debt service	15,915	15,915	15,458	457
TOTAL EXPENDITURES	35,415	36,515	34,482	2,033
EXCESS OF REVENUES OVER EXPENDITURES	18,085	15,785	18,013	2,228
OTHER FINANCING (USES)				
Transfers out	(12,550)	(12,550)	(12,031)	519
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	5,535	3,235	5,982	2,747
Fund balance, beginning of year	94,565	94,565	94,565	-0-
Fund balance, end of year	\$ 100,100	\$ 97,800	\$ 100,547	\$ 2,747

OTHER SUPPLEMENTARY INFORMATION



Village of Fowler
Nonmajor Governmental Funds
COMBINING BALANCE SHEET
December 31, 2005

	Special Revenue		Total Nonmajor Governmental Funds
	Local Street	Storm Sewer	
ASSETS			
Cash and cash equivalents	\$ 25,900	\$ 76,178	\$ 102,078
Special assessment receivable	-	4,032	4,032
TOTAL ASSETS	<u>\$ 25,900</u>	<u>\$ 80,210</u>	<u>\$ 106,110</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ -	\$ 3,000	\$ 3,000
Deferred revenue	-	4,032	4,032
TOTAL LIABILITIES	-0-	7,032	7,032
FUND BALANCES			
Unreserved			
Undesignated	<u>25,900</u>	<u>73,178</u>	<u>99,078</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,900</u>	<u>\$ 80,210</u>	<u>\$ 106,110</u>

Village of Fowler

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2005

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Local Street</u>	<u>Storm Sewer</u>	
REVENUES			
Intergovernmental	\$ 24,543	\$ -	\$ 24,543
Interest	94	389	483
Other			
Special assessments	-	1,986	1,986
TOTAL REVENUES	24,637	2,375	27,012
EXPENDITURES			
Public works			
Highways and streets	36,925	-	36,925
Drains	-	3,308	3,308
TOTAL EXPENDITURES	36,925	3,308	40,233
EXCESS OF REVENUES (UNDER) EXPENDITURES	(12,288)	(933)	(13,221)
OTHER FINANCING SOURCES			
Transfers in	22,031	-	22,031
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	9,743	(933)	8,810
Fund balances, beginning of year	16,157	74,111	90,268
Fund balances, end of year	<u>\$ 25,900</u>	<u>\$ 73,178</u>	<u>\$ 99,078</u>